Tells the Facts and Names the Names

CounterPunch

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The "Watchdog" Paid for by the Tobacco Cartel

Over the summer a new beltway watchdog group, Contributions Watch, released a report on the amount of money trial lawyers have donated to federal candidates. The study received big coverage, including a story in *The Wall Street Journal* and a long cover article in Rupert Murdoch's *Weekly Standard*. The latter, written by Carolyn Lochhead, Washington correspondent for *The San Francisco Chronicle*, called the report from the "non-profit" Contributions Watch a "major breakthrough" that revealed trial lawyers to be the "most powerful special interest group in the US".

But this study was no disinterested piece of research and Contributions Watch is not an "independent, national research organization committed to examining the amount of special interest money that flows to candidates", as it claimed in the introduction to the trial lawyer report. Here at **CounterPunch** we have documents that reveal Contributions Watch to be a fraud, created and controlled by the State Affairs Company, a powerful beltway lobby shop. The "independent" study on trial lawyers was bought and paid for by Philip Morris and the tobacco industry as part of the unceasing campaign for "tort reform" – a code phrase for the corporate campaign to shield companies from product liability lawsuits stemming from their manufacture and sale of defective or inherently unsafe products. State Affairs billed Philip Morris for planting the reports in the *Journal* and the *Standard*.

Contributions Watch marks a new step in the debasement of the political system by the Fortune 500. Corporations have moved beyond inventing bogus "grass-roots" organizations to back their legislative goals. Now they're establishing their own "watchdog" groups.

State Affairs is a pr operation staffed with players from the beltway's bi-partisan political establishment. The firm's partners include:

- David McCloud, former chief-of-staff to Virginia Senator Charles Robb and a past senior vice president of Burson Marsteller.
- Bobby Watson, a former advisor to Robb, ex-chief operating officer for the Democratic National Committee, and a member of the Clinton/Gore "rapid response team" during the 1992 campaign.
- Charles Francis, formerly at Burson Marsteller, Hill & Knowlton and Chase Manhattan Bank, where he was a speech writer for David Rockefeller.
- John Davis, a Republican who has worked as a campaign adviser to Bob Dole and to former Tennessee Senator Howard Baker.
- William Timmons, who has worked for the Republican National Committee and the National Republican Senatorial Committee.

These are not only heavy hitters but notoriously dirty hitters as well. McCloud and Watson both resigned from Robb's staff after pleading guilty to charges involving an illegal wiretap of Virginia Governor Douglas Wilder, one of Robb's political enemies. To collect information on the trial lawyers for State Affairs, McCloud's son, Patrick, infiltrated the Association of Trial Lawyers of America by posing as a law student.

(Continued on p. 5)

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The Bob Kerrey Show!

Goldplaters of 1996

Nebraska's Bob Kerrey assumed the chairmanship of the Democratic Senatorial Campaign Committee in the wake of the 1994 Republican congressional landslide and swiftly announced his strategy for winning back the upper chamber: recruitment of rich, right-of-center "New Democrats" like himself as candidates for 1996. Kerrey was true to his promise. In eight of the dozen Senate races in which the Democrats stand to pick up a seat — either by taking open seats or ousting weak Republicans — the party's candidate is a conservative millionaire.

In Oregon, the Democratic candidate is Tom Bruggere, whose fortune comes from a software firm he founded, Mentor Graphics. Bruggere's company operated like a typical software pirate, outsourcing many jobs to low-paid workers in Pacific Rim countries.

After selling his company, Bruggere had nothing to do and cast his eyes upon a senatorial seat. His ample millions made him a Kerrey poster boy. A fiscal conservative and fervent supporter of the death penalty, Bruggere also has expressed support for the Republican welfare abolition bill signed by President Clinton.

In this green-conscious state, Bruggere has flip-flopped on key environmental issues, including two ballot initiatives — one to protect spawning salmon, the other to strengthen the state's bottle bill — which he first supported and now opposes. He is running even in the polls with his GOP opponent, Gordon Smith, the wealthy former state senator who was defeated by Democrat Ron Wyden last year in the race to replace the disgraced Bob Packwood.

In Idaho, Kerrey recruited Walter Minnick, a former Nixon White House aide who boasts of having been the first to resign in the Watergate scandal. His resignation came as Nixon was already sinking; the earlier resignations of officials following the bombing of Cambodia and Laos left Minnick apparently unmoved.

Minnick is a lawyer but his money comes from TJ International, a $500 million-a-year lumber company of which he was owner and CEO. Minnick sold his company — a polluter that turns smaller cut trees into a kind of toxic soup used to make fiberboard — to the largest timber company in Canada, MacMillan-Blodel, on whose board Minnick still serves. MacMillan-Blodel's environmentally predatory policies have been the target of numerous boycotts, especially its spoliation of Clayoquot Sound on the west coast of Vancouver Island, whose inlets provide homing grounds for whales and are surrounded by land claimed by Indians under traditional use statutes.

Invited to Clinton's April, 1993 logging conference as an "environmentalist" — at the time, Minnick was on the board of the Wilderness Society — he served as a mole for the timber industry, his pro-business interventions helping to give Clinton the excuse for concessions to corporations that have continued logging their way through America's national forests. Despite his ardently proclaimed fiscal conservatism, Minnick — who has put half a million dollars of his own money into his campaign — is trailing his GOP opponent, arch-reactionary Larry Craig, who cultivates a folksy image as one of the "Singing Senators" in Trent Lott's barber shop quartet.

Another lumber profiteer is the Alabama Senatorial candidate, Roger Bedford. A rich kid incubated in the law firm headed by his father and uncle, Bedford made further piles through real estate speculations and through a company he owns, Valley Lumber. A staunch supporter of welfare abolition, Bedford has been campaigning fiercely against abortion, gun control and gays in the military. He is in a tight race with Alabama's GOP attorney general, Jeff Sessions.

In Idaho, Kerrey recruited Walter Minnick, a former Nixon White House aide and CEO of a rape-and-pillage timber company.

In Kansas, the latest polls show Democrat Jill Docking within striking distance of her conservative Republican opponent, Congressman Sam Brownback. Docking did well on Wall Street as a stockbroker, and together with her lawyer husband has considerable oil and gas holdings. Her candidacy has been named as one of the top five priorities by the right-wing Democratic Leadership Council and Council leader Joe Lieberman hails her as the "Democratic Nancy Kassebaum". (Docking's father was a Kansas governor who, as head of his state's delegation to the 1960 Democratic convention, is said to have received a briefcase full of Joe Kennedy's cash in return for blocking the Draft Adlai Stevenson boomlet by switching to JFK).

The Democratic Senatorial candidate in Colorado, Tom Strickland, made $900,000 a year as a lobbyist for busines-

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groups before being recruited to run for the seat of retiring Republican Hank Brown. Now he is in a tight race with Republican Congressman Wayne Allard. In Virginia, the $300 million former state Democratic chairman Mark Warner made from his computer business bought him the right to run against his homonym, GOP Senator John Warner; both are fiscal conservatives but Mark is slightly more liberal than John on social issues. South Carolina Democrat, Elliot Close is the heir to a textile fortune and a real estate developer whose upper class origins are a handicap against the well-honed racism of Dixie's Noah, Strom Thurmond. Harvey Gantt, the black Democrat opposing North Carolina's Jesse Helms, is also a centrist. Gantt is a millionaire who made his money through radio station licenses secured from the Federal Communications Commission. He also is an extremely loyal supporter of the tobacco industry.

To these flush Senatorial candidates, we can add New Hampshire's Dick Swett. As a Democratic Congressman he voted frequently with the conservative Blue Dog Caucus. Swett leads unpopular GOP Senator Bob Smith in the polls, thanks largely to the campaign war chest raised for him by his father-in-law, California Congressman Tom Lantos, from AIPAC's Likudnik fatcats.

The National Committee for an Effective Congress is the country's leading liberal PAC, providing millions of dollars in technical assistance and cash to candidates in swing districts. Its ratings are used by the AFL-CIO to target labor support. Ask the Committee's director, Russ Hemenway, what he thinks of the current crop of Senate (and House) candidates, and he lights up like a circus carousel: "The whole Democratic Party is conservative — for a balanced budget, smaller government, an end to welfare, more for defense. They don't know how to come up with a new agenda, but refuse to embrace the old one. None are willing to address the greatest threat to democracy, the enormous disparity in wealth."

Bob Kerrey, incidentally, is a big recipient of Hollywood money. Though he no longer squires actress Debra Winger, Tinseltown's collective memory somehow has him pegged as their boy. ■

Narco-Killer at Pentagon School

The Pentagon perennially insists that the US Army's School of the Americas at Fort Benning, Georgia, seeks to instill in its Latin American cadets the highest regard for human rights and the laws of war. This is mysterious since the School's graduates include some of the region's most rabid killers, such as Salvadoran death squad leader Roberto D'Aubuisson and Guatemalan Colonel Julio Roberto Alpirez, the man recently implicated in the murder of several Americans.

A Colombian general, wanted for participation in a massacre in his native land, is currently teaching at a Pentagon school in Washington.

Things became a bit clearer in mid-September when it was revealed that manuals used at the school until at least the early-1990s suggested that counterintelligence agents should make use of tactics such as "fear, payment of bounties for enemy dead, beatings, false imprisonment, executions and the use of truth serum". Another manual suggested that agents could coerce cooperation by "giv[ing] a beating" to a reluctant source or "causing the arrest of the [source's] parents." A Pentagon spokesman reassuringly told reporters that the use of such instructive material "evaded the established system of doctrinal controls" and that "the problem ... has been properly reported and fixed ".

Meanwhile, we have learned that one distinguished graduate of the School of the Americas, retired Colombian General Farouk Yanine Diaz (class of 1969), is currently wanted in his native land for his participation in several massacres. Despite this, Yanine is now a staff professor at the School of the America's sister institution, the Inter-American Defense College in Washington.

Yanine is a former division commander with a long history of criminal involvement with narco-paramilitary groups accused of horrible crimes in the areas under his command. He has been linked to the assassination of an opposition mayor in 1987 and the massacre of 20 banana workers in 1988.

The general also is suspected of involvement in a 1987 massacre of 19 people who disappeared without a trace in an area close to Yanine's headquarters. That case has long been a mystery but new testimony has implicated the general along with members of a paramilitary group funded by the Medellin Cartel.

Bogota's chief prosecutor Alfonso Valdivieso issued a warrant for Yanine's arrest on July 25. A spokesman for the Inter-American College, General John C, Thompson, claimed a College task force was "looking into the matter" while awaiting a response from the Colombian Government to a request for confirmation of the charges. As we go to press, General Yanine retains his position on the faculty and the Columbian embassy has received no official, written request from the College administration. The College refused to say what classes General Yanine currently teaches.

Also undermining the Pentagon's claim of reverence for human rights is a new documentary, "Inside the School of Assassins". A School of the Americas graduate interviewed for the film described classes held in Panama for which homeless people were plucked from the streets to serve as human guinea pigs. Blindfolded and stripped, the victims were subjected to physical and psychological torture techniques in classes supervised by a US Army medical doctor. Students were taught how to find nerve endings, apply maximum pain with minimum risk of death, calculate how much the heart could tolerate before stopping and how and when to revive victims to prevent premature death. ■

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Dees v. CounterPunch

Stung by our exposé of its meretricious fundraising and poor record in the May 15 **CounterPunch**, the Southern Poverty Law Center has issued a 50-page plus "rebuttal" of our article. The packet is being sent to the many people who have written to the Center vowing that after reading our disclosures they will never again donate money to Morris Dees' outfit.

The Center denies that it selects cases on the basis of fundraising potential. For example, Dees pulled out of a project that assisted death penalty prisoners because his partner, Millard Farmer, wasn't "living up to his obligations", not because the project wasn't profitable, as we charged. The Center admits that it paid Farmer $50,000 to settle litigation over its withdrawal from the project but calls this a victory "because Millard had wanted much more". Farmer, like **CounterPunch**, was amused by the Center's cry of victory in a case in which it shelled out $50,000 to avoid a trial. He reasserted that Dees had dumped the death row project "for the pure and simple reason that we weren't making money".

The Center also disputes our charges concerning racism and paternalism at its offices, though these were based on the accounts of black employees who previously worked there. No African-American has ever held a top level management position at the Center and the organization currently has only one black lawyer on its five- member legal staff. Not too impressive for a group that calls itself a civil rights organization.

The Center's rebuttal defends Dees for supporting Ed Carnes for a federal judgeship a few years back, saying that he believed Carnes was "a person of integrity whose record was being distorted". As we noted in our original report, Carnes previously was an assistant attorney general in Alabama and is a fervent supporters of the death penalty.

In Alabama, Carnes represented the state at the post-conviction stage in arguing against new trials for:

- Horace Dunkins, an African-American whose lawyer failed to tell the jury that he was mentally retarded. Dunkins was executed in 1989.
- Arthur Lee Jones, whose lawyer failed to give an opening statement, offer any evidence about his life or give a closing argument in the penalty phase of the trial. Jones was executed in 1986.
- Patricia Ann Thomas Jackson, a black woman sentenced to death by an all-white jury after the prosecutor used 12 of his preemptory strikes to eliminate all blacks called for jury service in her case.

The Center chastises us for criticizing Democratic Senators Ted Kennedy, Paul Simon and Joseph Biden for not doing enough to block Carnes, saying that all three had voted against his confirmation and had led a filibuster against it. But none of these three senators turned up at the crucial confirmation hearings on Carnes nomination, thereby ensuring that he was questioned by a purely friendly jury. That made the process of stopping Carnes' appointment impossible.

We did err in stating that Carnes had met with GOP Senators Strom Thurmond and Orrin Hatch in helping draw up a section of the Clinton administration's anti-terrorism bill (based on a misunderstanding during an interview). But Carnes was perhaps the chief supporter and intellectual author of a key provision in the bill that will speed up executions by limiting the ability of federal courts to review state convictions. His testimony on behalf of the provision was arranged with the help of the GOP senators.

We said the Center filed only 12 lawsuits between October 1989 and December 1994, a period during which it had raised some $50 million. The Center did not dispute that figure but said that the number of cases filed in any time period is not a good indicator of "how busy lawyers may be". Perhaps, but it's still hard to see how a group such as Stephen Bright's Southern Center for Human Rights currently handles 50 death penalty cases and a score of jailhouse conditions cases with an annual $600,000 budget while the Center does so little with a legal budget of $1.6 million.

The Center also complains that we relied on another journalist's account in stating that Dees' group was working on only a handful of cases last year when in fact its case load was 24. Since the Center admits it filed a total of 12 lawsuits between 1989 and 1994, it's very hard to believe that it was tied up with twice that number during 1995 alone. In any case, we asked Dees' office to tell us how many cases the Center was handling and were told by Judy Bruno that no number could be provided.

In its statement to the IRS in 1994, the last that is available, the Center lists its prime mission as "providing legal services for victims of civil rights injustice". But out of total revenues for that year of $17,188,114, the Center spent only $1.6 million for said purpose. The rest of its "program" expenses – another $7.1 million – was spent on educational purposes, including its "Teaching Tolerance" project. Even this figure is suspect because the Center will not disclose detailed accounting of its expenditures and in the past has included part of its fundraising costs as educational on the grounds that its dramatic appeals for money include informative material. years."

We have addressed here the most germane issues raised by the Center's rambling and tendentious response to our story. If readers have further questions about Dees' 50-page document please drop us a line and we'll be happy to reply. ■

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(Contributions, cont from p. 1)

State Affairs's clients — who pay billing rates of $200 per hour for partners and $150 per hour for associates — include Citicorp, Blue Cross/Blue Shield, the National Firearms Association, Wells Fargo Bank and Bering Fisheries, as well as the Democratic National Committee.

But the firm's biggest cash cow is the tobacco industry. Philip Morris is the firm's largest single client. Fee projections prepared earlier this year, among the many documents we have, show that the tobacco company would account for $35,000 of April's billings of $90,000 and $40,000 of May's billings of $71,000. State Affairs also works for Brown & Williamson Tobacco; Covington & Burling, the tobacco industry's favorite law firm; various statewide chapters of bogus "lawsuit reform" groups; and the National Smokers Alliance.

State Affairs's involvement with the latter — a "grassroots" group set up by Burson Marsteller at the behest of Philip Morris — is particularly close. Our documents show that State Affairs advises the Alliance on everything from membership recruitment to the selection of its board of advisors. We also have internal Philip Morris memoranda revealing that the National Smokers Alliance has an annual budget of roughly $11 million, of which some $7 million is provided by the tobacco maker.

While State Affairs works for the Democratic Party, Bobby Watson, formerly with the Democratic National Committee, has been simultaneously billing Covington & Burling for researching "trial lawyer presence at the Democratic National Convention". To this end he reviewed the Convention's master calendar as well as the invitations list.

Contributions Watch was founded early this year. A memo written by McCloud says the idea for the outfit "came from our work over the past two years on behalf of clients pursuing tort reform in seventeen states". Another document, an internal State Affairs business plan, said that even with the GOP's seizure of Congress, "anti-smoking activists have controlled the debate, and politicians from both parties have felt no political pain!" One of the company's primary goals for its tobacco clients is to "raise the stakes for any politician who enters the fray". Most important to the firm's plan is development of a strategy "that places a premium on actions *below the radar of the anti-smoking activists* [emphasis added]. Tactics must be developed for each unique political situation and not from some standardized political play book."

This, of course, is where Contributions Watch comes in. The documents we have show that State Affairs provided Contributions Watch with its seed money and then recruited its executive director, Warren Miller, a former research analyst and information specialist for the Federal Election Commission. While the group's stated mission is to expose the nefarious role of money in politics, one internal memo reports that "the effect of corporate contributions is exaggerated ... Most companies have an array of issues at stake in state legislatures, which dilutes the impact of their contributions on any single issue."

State Affairs billed its client Philip Morris for placing the Contributions Watch study in *The Wall Street Journal.*

State Affairs exercises total control of Contributions Watch; it's even seeking to trademark its creature's name. The pr shop charges its clients for Contributions Watch's research reports and then funnels the money through to its subsidiary "watchdog". Until mid-year, State Affairs paid Contributions Watch's employees. The watchdog now has its own payroll but all of its employees except Warren Miller still work out of a State Affairs office. Contributions Watch finally set up an independent office for Miller in late September after a *Washington Post* reporter asked uncomfortable questions about the group's funding.

Contributions Watch is now applying for foundation grants, as well as trying to sign up corporate subscribers at $10,000 a pop. Ken Cohen, a lawyer for the Exxon Corporation, wrote a solicitation letter to big companies saying that he wanted to bring "a new 'watchdog' group" to their attention, "one which I believe deserves the business community's support". Cohen mentioned the trial lawyers study and said that it was "of fundamental importance to legal reform efforts in the United States for this kind of data to be researched and made available to the general public". Targets of the corporate fundraising campaign include General Motors, Ford, Shell, Procter & Gamble, Mobil, Monsanto, Texaco and W.R. Grace.

State Affairs knows very well that exposure of its links to Contributions Watch — particularly the tobacco connection — would be fatal. The firm's business plan says that Contributions Watch may sometimes conduct a research study for a corporate sponsor but will not release the report itself if such a step will make the mighty watchdog "look like an advocate for a particular industry". In that case, the sponsor will release the study itself, thereby serving to "inoculate CW from criticism". In a memo from earlier this year Miller warned that "when the trial lawyer studies currently in the pipeline are released, CW will become extremely vulnerable to attacks that we are nothing more than an arm of the tort reform industry. We need to diversify and release other studies."

Miller asked an attorney for State Affairs, Henry Hart of Hazel & Thomas, what to do if asked by reporters about the source of Contributions Watch's money. Hart suggested that Miller stonewall in cases "where you cannot preclude the possibility that the person making the inquiry has interests hostile to Contributions Watch". Based on Hart's advice, Contributions Watch devised a "Talking Points" memo to help employees deal with reporters. If pressed, staffers are to admit that the trial lawyers study was "sponsored by supporters of tort reform" but to insist, falsely, that Contributions Watch "is an independent, non-profit, non-partisan, non-ideological watchdog research and monitoring organization. We have no position on tort reform. We focus solely on the numbers."

If asked about the links between Contributions Watch and State Affairs, Miller is programmed to reply: "I worked for the FEC as an analyst, and then worked for a time at State Affairs as a research wonk. Back last year, I approached State Affairs with the idea of spinning me off as a non-profit organization. I'm happy to say that Contributions Watch is now an independent organization with our own offices and own board

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of directors, none of whom, I might add, are employees or directors of State Affairs."

In an adroit step designed to establish legitimacy, Contributions Watch's debut study was on state financial disclosure laws. This brought favorable coverage in a number of newspapers, including *The Miami Herald*, *The Richmond Times-Dispatch*, *The Seattle Times* and *The Albuquerque Journal*.

Contributions Watch then turned to its true aim, promotion of "tort reform", with the release in July of its perversely titled report, "Off the Radar Screen: Plaintiff's Lawyer Contributions to Federal Candidates". This report and an updated version, currently being prepared in the hopes of influencing the November elections, have been paid for with tobacco industry money, especially from Covington & Burling and Philip Morris. In August alone, State Affairs billed the law firm for $65,547.86, much of that to cover data collection for the update. Philip Morris has even been billed by State Affairs for its work in placing the trial lawyer study in *The Wall Street Journal* and the *Weekly Standard*, as well as for time spent by pr shop staffers in "meetings with journalists in Washington to discuss story concepts". (The *Journal*'s story did report that the Contributions Watch study had received funding from "backers of tort overhaul".)

Covington & Burling's Keith Teel, who recently jetted around the country trying to pressure state attorneys general not to sue the tobacco industry to recover Medicaid expenses (as seven states have already done), has worked closely with Contributions Watch. So too, memos show, has Neal Cohen of APCO Associates, the Washington-based lobbying and consulting firm. **CounterPunch** readers may recall that Cohen was exposed in these pages earlier this year when we published part of his speech to a public relations industry trade group about the tricks of the "grassroots lobbying" trade: "In a tort reform battle, if State Farm is the leader of the coalition, you're not going to pass the bill. It's not credible. Because it's so self-serving; everybody knows that the insurance companies would be one beneficiary."

Contributions Watch is part of a tobacco industry effort that emphasizes "actions below the radar of the anti-smoking activists".

Until now, Contributions Watch has been a huge success. In addition to attention it has received in the media, the ersatz "watchdog" has also duped some consumer groups. Mike Odom, head of the Alabama chapter of Citizen Action, was so impressed with the report on state disclosure laws that he sent a letter to Contributions Watch asking how the two organizations might work together in the future. Contributions Watch now has a proposal in to the Joyce Foundation's Money and Politics Project, which funds legitimate campaign finance reform groups such as the Center for Responsive Politics.

State Affairs is presently coordinating a new Contributions Watch investigation that will seek to smear Consumers Union. In an August 27 letter to Duncan MacDonald, general counsel for Citicorp, State Affairs partner Charles Francis wrote, "I think you will enjoy a major column targeting Consumers Union to appear soon on *The Wall Street Journal* editorial page. Quoting Tim McVeigh, 'something big is going to happen'."

A broader study in the pipeline will target a host of organizations linked to the corporate world's most hated foe, Ralph Nader. The proposal for the study — which Contributions Watch plans to have released by a university or think tank — makes clear that the chief aim will be to discredit enemies of the tobacco industry. The Center for Science in the Public Interest was picked for investigation because it once worked on a study "revealing that the ACLU, which defends the rights of tobacco companies to advertise, has accepted large amounts of money from tobacco companies." The proposal calls for coordination with two of the most rabid GOP members of Congress, David McIntosh of Indiana and Ernest Istook of Oklahoma.

We sought comment from Contributions Watch and State Affairs, but neither returned our calls. They were apparently too nervous to even read out the responses prepared for them by their lawyer. ■

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